



The Commonwealth of Massachusetts

**DEPARTMENT OF
TELECOMMUNICATIONS AND ENERGY**

BAY STATE GAS COMPANY

D.T.E. 05-27

**SIXTEENTH SET OF INFORMATION REQUESTS OF THE DEPARTMENT OF
TELECOMMUNICATIONS AND ENERGY TO
THE COMPANY**

Pursuant to 220 C.M.R. § 1.06(6)(c), the Department of Telecommunications and Energy ("Department") submits to Bay State Gas Company ("Bay State" or "Company") the following set of Information Requests for response within SIX CALENDAR days of issuance:

- DTE 16-1 Refer to Exh. BSG/JES-1, Workpaper JES-7, at 2. Please explain how the estimated retirement cost of \$2,408.11 for each of the indicated project was determined and describe the proposed ratemaking treatment for these costs.
- DTE 16-2 Refer to Exh. BSG/JES-1, in Workpaper JES-7, at 2. For each project with completion date indicated, please provide the corresponding date when the plant was transferred to Utility Plant in Service and indicate the number of days lag in accounting as noted in Exh. BSG/JES-1, at 49. Describe with any supporting manuals or publications how and why this lag in accounting occurs.
- DTE 16-3 Refer to Exh. BSG/JES-1, at 49. Please provide all supporting schedules and documentation for the \$125,000 adjustment allowed by the Department in D.P.U. 92-111 and cite to any specific page(s) in that Order.
- DTE 16-4 Refer to Exh. BSG/JES-1, Schedule JES-15. Please provide a schedule that shows the amount of materials and supplies inventory as of December 31 for years 1992 through 2003.
- DTE 16-5 Refer to Exh. BSG/JES-1, Schedule JES-13, at 1. Please provide the amount of annual plant held for future use from 1991 through 2003.
- DTE 16-6 Please provide a copy of page 34 of the Company's Annual Returns to the Department of Telecommunications and Energy ("Department") for the years 1991 through 2002.

- DTE 16-7 Please describe with supporting documentation the \$5,400,587 adjustment for leased assets that had been erroneously retired as shown on page 34, line 5 in the Company's 2003 Annual Return to the Department. Describe in detail the leased assets, the date when they were erroneously retired, and all the subsequent actions taken by the Company to rectify the error.
- DTE 16-8 Refer to the Company's 2004 Annual Return to the Department at 34. Please describe with supporting schedules how the Company determined the average depreciation rates for production, distribution, and general plant.
- DTE 16-9 Refer to Exh. BSG/DGC-1, at 34. Please provide a copy of the Company's Capital Authorization Handbook that was issued in 2005. Indicate the date when the Company started to use such a handbook.
- DTE 16-10 Refer to Exh. BSG/DGC-1, at 34. Please provide a copy of the Capital Authorization Handbook used by the Company from 1991 to 2004. List and describe any changes and modifications made from 1991 through 2004.
- DTE 16-11 Refer to Exh. BSG/DGC-1, at 34. Please list and describe all changes and modifications to the Capital Authorization Handbook issued in 2005 from the version that was used in 2004.
- DTE 16-12 Refer to Exh. BSG/DGC-1, at 32, 34. Please indicate if the Company's Capital Authorization Handbook contains all the Company's policies on capital expenditures and budgeting. If this is not the case, please provide copies of all other manuals and publications used as a basis for capital expenditures and budgeting.
- DTE 16-13 Refer to Exh. BSG/DGC-1, at 37. Please provide any studies, reports or memoranda relied upon by the Company as the basis for using the greater-than-ten percent or \$50,000 thresholds that would require the preparation of a variance authorization.
- DTE 16-14 Refer to Exh. BSG/DGC-8, at 2. Please provide all documentation relating to capital expenditure List No. 11. The documentation should include:
- (1) the process of identifying the project, including Bay State's engineering estimates and distribution planning for the project;
 - (2) all notices from the town of Taunton to the Company regarding the town's planned municipal street opening, including any subsequent modifications to the town's plan;
 - (3) any cost-benefit analyses performed consistent with requirements listed in Exh. BSG/DGC-1, at 33-34;

- (4) copy of the duly signed and approved project capital authorization;
- (5) reports on trench excavation and any leaks encountered, including documents relating to efforts and additional costs to control the leaks;
- (6) analysis of and justifications for variations of actual costs from cost estimates;
- (7) copy of duly signed and approved variance authorization; and
- (8) copy of any Work Order Management System ("WOMS") report, closing report and reports on any post-project evaluations.

DTE 16-15 Please list and describe how the requested documentation in the preceding information request relating to project List No. 11 would differ from the documentation for the Capital Expense Tracking Report had the project been performed under for the Company's proposed Steel Infrastructure Replacement ("SIR") program.

DTE 16-16 Refer to Exh. BSG/DGC-9, at 1. Please provide all documentation relating to capital expenditure List No. 4. The documentation should include:

- (1) the process of identifying the project, including Bay State's engineering estimates and distribution planning for the project;
- (2) all notices from and communications with the Massachusetts Correctional Institute ("MCI") - Bridgewater regarding the project;
- (3) all notices and communications with appropriate regulatory agencies relating to the encasing of a railroad crossing for public safety purposes;
- (4) any cost-benefit analyses performed consistent with requirements listed in Exh. BSG/DGC-1, at 33-34;
- (5) copy of the duly signed and approved project capital authorization;
- (6) analysis of and justifications for variations of actual costs from estimated costs;
- (7) copy of duly signed and approved variance authorization; and
- (8) copy of any WOMS report, closing report, and any post-project evaluation performed.

DTE 16-17 Refer to Exh. BSG/DGC-1, at 40-41. Please provide any studies, manuals or publications used by the Company as a reference or basis for conducting benefit/cost analyses for:

- (1) non-discretionary plant additions to rate base;
- (2) revenue-producing plant additions to rate base.

DTE 16-18 Refer to Exh. BSG/DGC-1, at 40-41. Please define with illustrative examples any differences between non-discretionary plant and non-revenue producing plant.

- DTE 16-19 Refer to Exh. BSG/DGC-11, at 1. Please provide any manuals or publications that describe the purpose, structure, and operation of the Client Server Migration. Describe with supporting documentation any modifications and enhancements to the system from 1996 to 2004.
- DTE 16-20 Refer to Exh. BSG/DGC-11, at 1. Please provide any benefit/cost analyses made prior to and as a basis for acquiring the Client Server Migration intangible plant addition. Describe with supporting documentation the process of acquiring the system including any bidding performed.
- DTE 16-21 Refer to Exh. BSG/DGC-11, at 1. Please provide any manuals or publications that describe the purpose, structure, and operation of the Easy System. Describe with supporting documentation any modifications and enhancements to the system from 1999 to 2004.
- DTE 16-22 Refer to Exh. BSG/DGC-11, at 1. Please provide any benefit/cost analyses made prior to and as a basis for acquiring the Easy System intangible plant addition. Describe with supporting documentation the process of acquiring the system including any bidding performed.
- DTE 16-23 Refer to Exh. BSG/DGC-11, at 1. Please provide any manuals or publications that describe the purpose, structure, and operation of:
(1) the Customer Accounting plant added in 1999; and
(2) the CIS/Customer Accounting plant added in 1999 and 2000.
Explain the difference between Items (1) and (2) above and describe with supporting documentation any modifications and enhancements to the systems from 1999 to 2004.
- DTE 16-24 Refer to Exh. BSG/DGC-11, at 1. Please provide any benefit/cost analyses made prior to and as a basis for acquiring the Customer Accounting and CIS/Customer Accounting systems. Describe with supporting documentation the process of acquiring the system including any bidding performed.
- DTE 16-25 Refer to Exh. BSG/DGC-11, at 1. Please provide any manuals or publications that describe the purpose, structure, and operation of the CIS PRO EDITS intangible plant added in 2000 and 2001. Describe with supporting documentation any modifications and enhancements to the system from 2000 to 2004.
- DTE 16-26 Refer to Exh. BSG/DGC-11, at 1. Please provide any benefit/cost analyses made prior to and as a basis for acquiring the CIS PRO EDITS plant addition.

Describe with supporting documentation the process of acquiring the system including any bidding performed.

- DTE 16-27 Refer to Exh. BSG/DGC-1, at 49-51. Please provide a copy of the financial analyses initially performed by the Company and any subsequent studies used as a basis for its decision to do the Masspower/Monson & Palmer Expansion project. Include any studies used as the basis for the construction of the 16-inch main line, the 4-inch distribution line, gate station in Monson, and the distribution laterals to serve the towns of Monson and Palmer.
- DTE 16-28 Refer to Exh. BSG/DGC-1, at 52. Please describe with supporting documentation the basis for:
- (1) the initial project cost estimate of \$15,530,000;
 - (2) the preliminary engineering costs prior to fiscal year 1992 of \$1,100,000;
 - (3) the AFUDC for fiscal year 1992 of 533,000; and
 - (4) the additional cost of \$3.5 million determined in December 1992.
- DTE 16-29 Refer to Exh. BSG/DGC-1, at 52. Please provide all supporting documentation for what the Company characterized as “the unusual and excessive construction requirements and demands” by the Department of Public Works and Turnpike Authority. Provide all letters, notices, and communications to from these two Massachusetts state agencies.
- DTE 16-30 Refer to Exh. BSG/DGC-1, at 53. Please provide a detail breakdown with supporting schedules for the following cost items:
- (1) \$22,448,367 and the associated depreciation of \$6,407,604 incurred in 1992 and 1994 for the 16-inch main line and the 4-inch distribution line; and
 - (2) \$3,274,027 and the associated depreciation of \$933,996 incurred for laterals off the 4-inch distribution line.
- DTE 16-31 Refer to Exh. BSG/DGC-1, at 53. Please describe with supporting schedules or provide the basis for:
- (1) the net operating income of \$1,231,489 in 2004;
 - (2) the return of 9.44 percent and define what is the basis for this return; and
 - (3) the weighted average cost of capital of 8.41 percent.
- DTE 16-32 Refer to Exh. BSG/DGC-1, at 53. Please provide the annual number of customers by rate class served through the Masspower/Monson & Palmer Expansion project from the year when the project became operational until

2004. Provide the monthly number of customers by rate class for 2005 when data is available.

- DTE 16-33 Refer to Exh. BSG/DGC-1, at 53. Please provide the annual therm throughput by rate class through the Masspower/Monson & Palmer Expansion project from the year when the project became operational until 2004. Provide the monthly therm throughput by rate class for 2005 when data is available.
- DTE 16-34 Refer to Exh. BSG/JES-1, Schedule JES-13, at 2. Please provide supporting documentation for the adjustments due to goodwill for Bay State/NIPSCO and for Lawrence.
- DTE 16-35 Refer to Exh. BSG/JES-1, Schedule JES-13, at 2. Please describe with supporting schedules how the Company determined the adjustments to amortization of intangible plant for Bay State/NIPSCO goodwill and for Lawrence goodwill.
- DTE 16-36 Please provide the monthly balance of the Company's customer deposits for 2003, 2004 and for 2005 when data is available.
- DTE 16-37 Please provide the monthly balance of the Company's customer advances for 2003, 2004 and for 2005 when data is available.
- DTE 16-38 Please provide a complete description of the Company's policy on contributions for extension.
- DTE 16-39 Please provide the Company's year-end balance of pre-1971 unamortized investment tax credit for 2000 through 2003.
- DTE 16-40 Please provide the monthly balance of the Company's unclaimed funds for 2003, 2004 and for 2005 when data is available.

DATED: June 16, 2005